Department of Finance

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News Release

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Official International Reserves

The Department of Finance announced today that Canada's official international reserves decreased by an amount equivalent to US$374 million during October to US$35,643 million.

Details on the level and composition of Canada's reserves as of October 31, 2006, as well as the major factors underlying the change in reserves, are provided below. All figures are in millions of US dollars unless otherwise noted.

Foreign Currency Reserves	
Securities	29,712
Deposits	3,976
Total securities and deposits (liquid reserves)	33,688
Gold[1]	66
Special drawing rights (SDRs)	944
Reserve position in the IMF	945
Total: October 31, 2006	35,643
September 30, 2006	36,017
Net change	-374

Details on Deposits		
Other central banks/Bank for International Settlements		572
Banks headquartered in Canada		0
Of which: located abroad	0	
Banks headquartered abroad		3,404
Of which: located in Canada	0	
Total		3,976

Details of Net Change	
Reserves management operations[2]	-452
Gains and losses on gold sales	0
Net investment gains and losses	
Return on investments[3]	107
Foreign currency debt charges	-150
Revaluation effects[4]	121
Net government operations[5]	0
Official intervention	0
Other transactions	0
Net change	-374

Currency Composition of Deposits and Securities	
US dollars	16,256
Euro	16,921
Yen	511
Total	33,688

Predetermined Short-Term Drains on Foreign Currency Reserves (Nominal Value)

		0-1 month	1-3 months	3-12 months	Total
Foreign currency securities[6]	Principal	-908	-1,216	-1,864	-3,988
	Interest	-68	-225	-1,104	-1,397
Aggregate short forward positions in foreign currencies vis-à-vis Canadian dollar		0	0	0	0
Aggregate long forward positions in foreign currencies vis-à-vis Canadian dollar		0	0	0	0
Total net drains		-976	-1,441	-2,968	-5,385

Additional Information (Nominal Value)

Undrawn, unconditional credit lines with banks headquartered outside Canada	6,000
Securities lent under repurchase agreements[7]	-2,218
Securities held under repurchase agreements[8]	2,201
Financial derivatives assets (net, marked to market)	
Forwards	0
Swaps	2,872

Notes:

1. There were no sales of gold settled in October. On October 31, gold holdings stood at 0.1 million ounces. The valuation is based on the October 31, 2006, London p.m. fix of US$603.75 per ounce.

2. Net change in securities and deposits resulting from foreign currency funding activities of the Government. (Issuance of foreign currency liabilities used to acquire assets increases reserves, while maturities decrease reserves). During October, Canada bills decreased by US$89 million to a level of outstanding bills of US$1,673 million. Cross-currency swaps of domestic obligations raised an equivalent of US$301 million, and a total of US$664 million equivalent in cross-currency swaps matured.

3. "Return on investments" comprises US$103 million of interest earned on investments and a US$4-million increase in the market value of securities resulting from changes in interest rates.

4. "Revaluation effects" reflect changes in the market value of reserve assets resulting from movements in exchange rates. In October, the revaluation effect was mainly due to the appreciation of the euro.

5. "Net government operations" are the net purchases of foreign currency for government foreign exchange requirements and for additions to reserves.

6. "Foreign currency securities" include maturities of foreign currency debt, cross-currency swap payments and an estimate of interest payments on foreign currency liabilities.

7. "Securities lent under repurchase agreements" are included in total reserves. Collateral provided in securities-lending transactions is not included in total reserves.

8. Cash invested under repurchase agreements is included in total reserves. Collateral provided in securities-lending transactions is not included in total reserves.

Future Release Dates

The next release is December 5, 2006 (covering the period November 2006).

A list of upcoming release dates is posted on the Department of Finance website located at www.fin.gc.ca/invest_x/releaseDates_e.asp.

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For further information on the Exchange Fund Account, please consult the *Report on the Management of Canada's Official International Reserves—January 1, 2005 – March 31, 2006*, located at www.fin.gc.ca/toce/2006/oir06_e.html.

If you would like to receive automatic e-mail notification of all news releases, please visit the Department of Finance website at www.fin.gc.ca/scripts/register_e.asp.

Official International Reserves (10-Year Synopsis)

	US dollars	Other currencies	Gold	SDRs	IMF position	Total
			(millions of US dollars)			
October 31, 2006	16,256	17,432	66	944	945	35,643
September 30, 2006	16,755	17,166	65	941	1,090	36,017
August 31, 2006	17,010	16,727	68	949	1,099	35,853
July 31, 2006	17,712	16,572	69	942	1,096	36,391
June 30, 2006	17,671	16,143	67	939	1,092	35,912
May 31, 2006	17,846	15,715	71	949	1,103	35,684
April 30, 2006	18,660	14,997	70	931	1,058	35,716
March 31, 2006	20,204	13,812	63	917	1,038	36,034
February 28, 2006	16,707	13,974	61	908	1,034	32,684
January 31, 2006	16,813	14,135	62	907	1,042	32,959
December 31, 2005	16,842	13,822	56	897	1,401	33,018
November 30, 2005	16,646	14,566	54	894	2,039	34,199
October 31, 2005	16,909	14,214	51	898	2,142	34,214
Dec. 31, 2004	14,426	15,740	48	925	3,327	34,466
Dec. 31, 2003	15,575	15,961	45	838	3,848	36,267
Dec. 31, 2002	17,946	14,739	205	712	3,567	37,169
Dec. 31, 2001	19,748	10,736	291	614	2,859	34,248
Dec. 31, 2000	21,692	7,327	323	574	2,508	32,424
Dec. 31, 1999	18,838	5,594	524	526	3,164	28,646
Dec. 31, 1998	15,907	4,004	122	1,097	2,297	23,427
Dec. 31, 1997	14,630	492	146	1,126	1,575	17,969
Dec. 31, 1996	17,521	507	155	1,168	1,227	20,578
Dec. 31, 1995	12,127	502	178	1,177	1,243	15,227